

# Washington State Climate Study

Presented to  
Senate Economic Development, Trade & Innovation  
Committee

Lance Carey  
Economist

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**WASHINGTON STATE  
ECONOMIC AND REVENUE FORECAST COUNCIL**



# Study Overview

- Established in 1996 under RCW82.33A to provide information to the legislature as to the competitiveness of Washington's economic climate relative to the other states.
- Indicators chosen by advisory committee with representatives from government, business, and labor
  - Consistent across states
  - Timely
  - Valid and accurate
- Produced by Economic and Revenue Forecast Council in consultation with Washington Economic Development Commission



# Overall, Washington's performance was mixed

- 41 Total Indicators and Benchmarks
  - 36 Updated
- 34 indicators with ranks relative to other states:
  - 7 improved
  - 18 worsened
  - 9 unchanged
- 36 indicators which measure year-over-year performance:
  - 20 improved
  - 12 worsened
  - 4 unchanged



# Study Indicators

Benchmarks Separated into four categories:

- Innovation Drivers
  - 18 Indicators
  - Average Rank: 19
- Business Performance
  - 4 Indicators
  - Average Rank: 9
- Economic Growth and Competitiveness
  - 9 Indicators
  - Average Rank: 28
- Quality of Life
  - 10 Indicators
  - Average Rank: 17



# Innovation Drivers

## Innovation Drivers – 19<sup>th</sup>

- Talent and Workforce
  - 8 Indicators
  - Average rank 21<sup>st</sup>
- Entrepreneurship and Investment
  - 3 Indicators
  - Average rank 12<sup>th</sup>
- Infrastructure
  - 7 Indicators
  - Average rank 24<sup>th</sup>



# Innovation Drivers

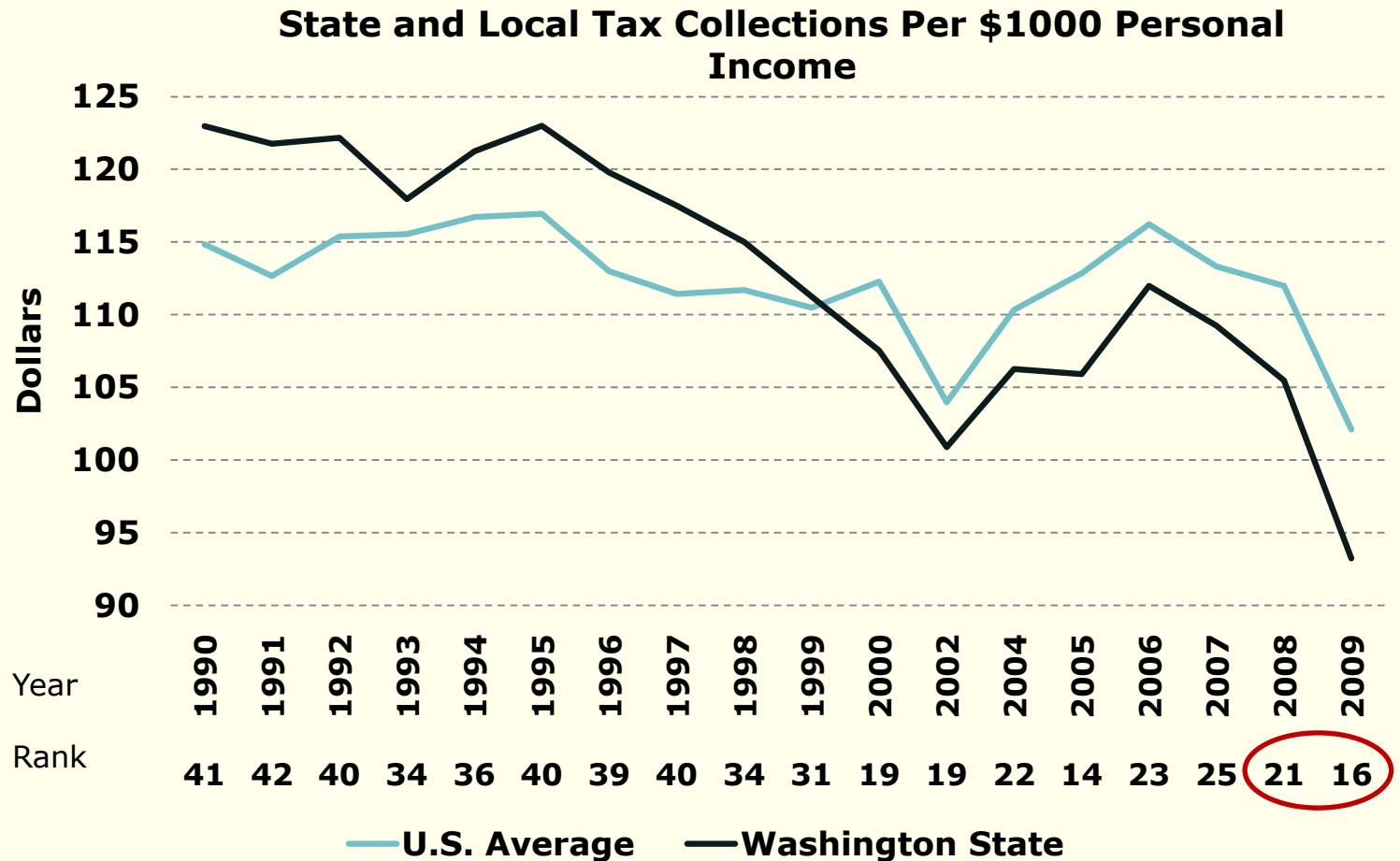
Indicator	Performance	Rank
College Participation	Improved	Unchanged
High School Education	Improved	Improved
Bachelor's Degree	Improved	Unchanged
Student Teacher Ratio	Unchanged	Improved
Tenth Grade WASL	Improved	N/A
Fourth Grade Reading	Unchanged	Worsened
Fourth Grade Math	Improved	Improved
University R&D	Improved	Worsened
FAA Air Traffic	Worsened	Worsened
Travel Time – Seattle	Worsened	Worsened
Travel Time – Spokane	Unchanged	Worsened
Electricity Costs	Improved	Unchanged
Tax Collections	Improved	Improved
Unemployment Ins. Costs	Worsened	Worsened

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# Tax collections relative to personal income have been trending downward since 2006

**WA: \$93.24**  
**US: \$102.10**  
**Rank: 16**



Source: WA DOR, U.S. Census Bureau, ERFC; data through 2009

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# Electricity Prices in Washington have remained stable since 2001 while they have increased nationally

Washington once again had the lowest electricity costs in the nation in 2010

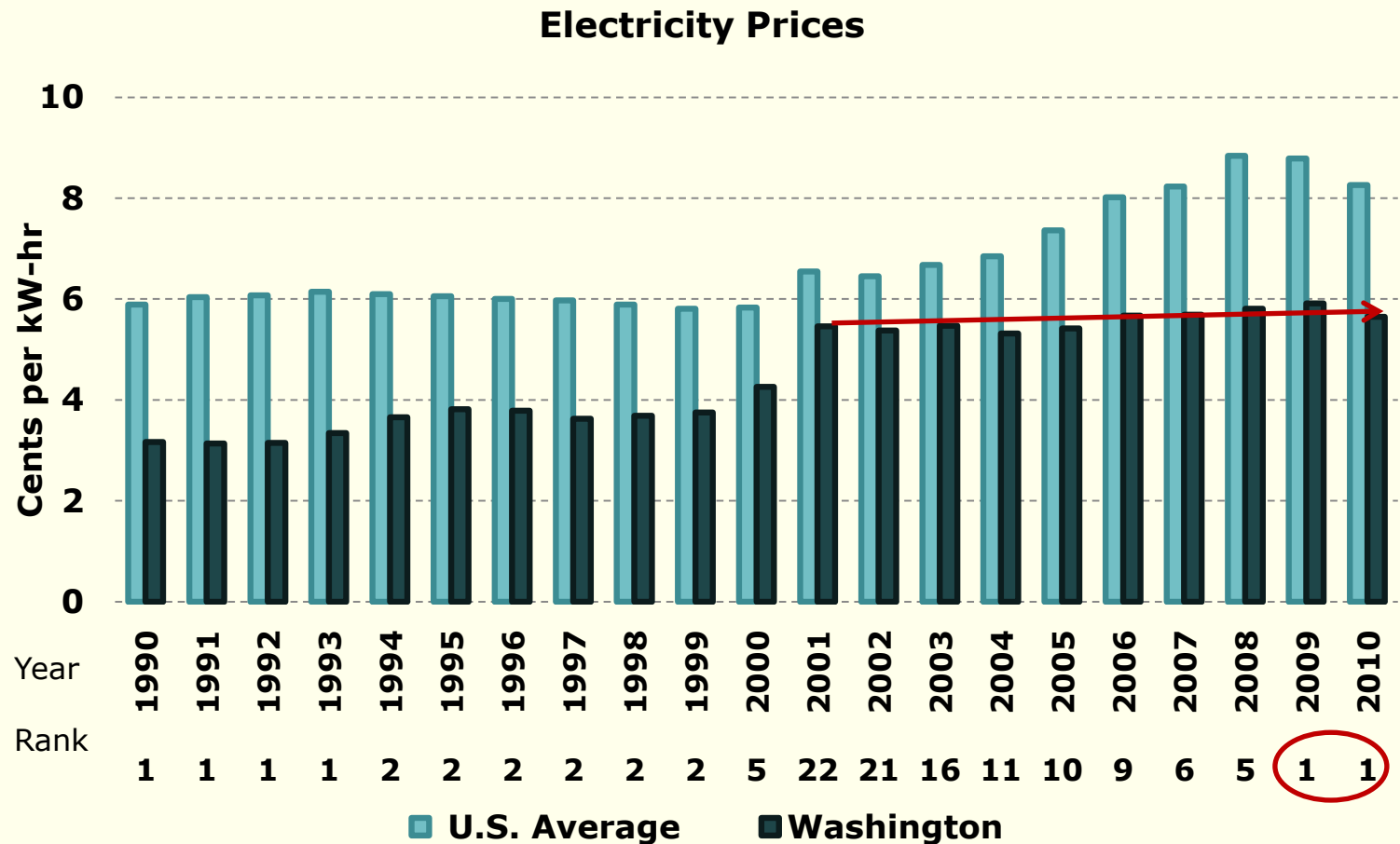
The state's 5-year average price ranks 5<sup>th</sup> in the nation

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Source: U.S. Energy Information Administration, ERFC; data through 2010

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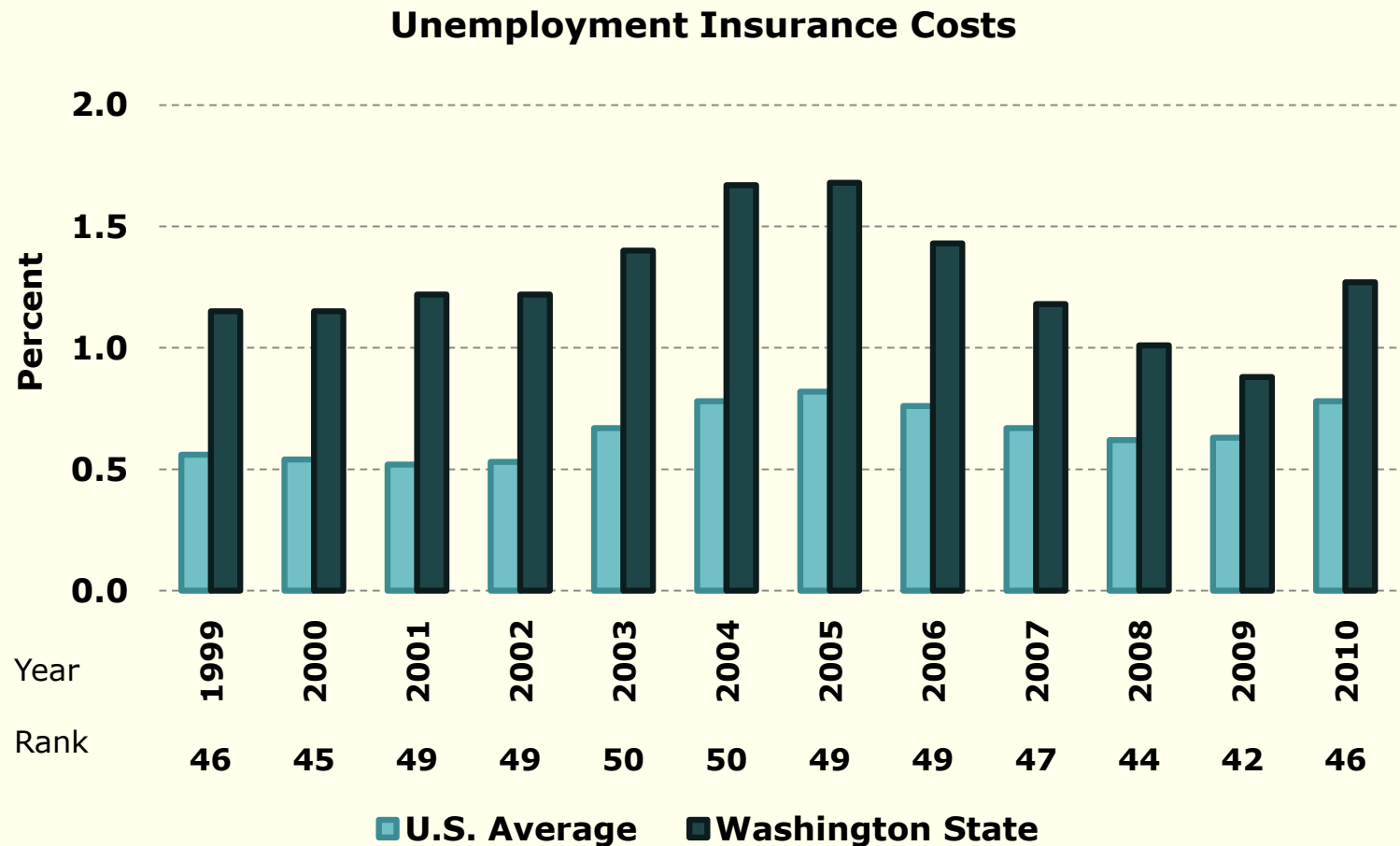


# Unemployment insurance costs increased to the highest level since 2006

**WA: 1.27%**

**US: 0.63%**

**Rank: 46**



Source: U.S. Department of Labor, Employment, and Training Administration; data through 2010

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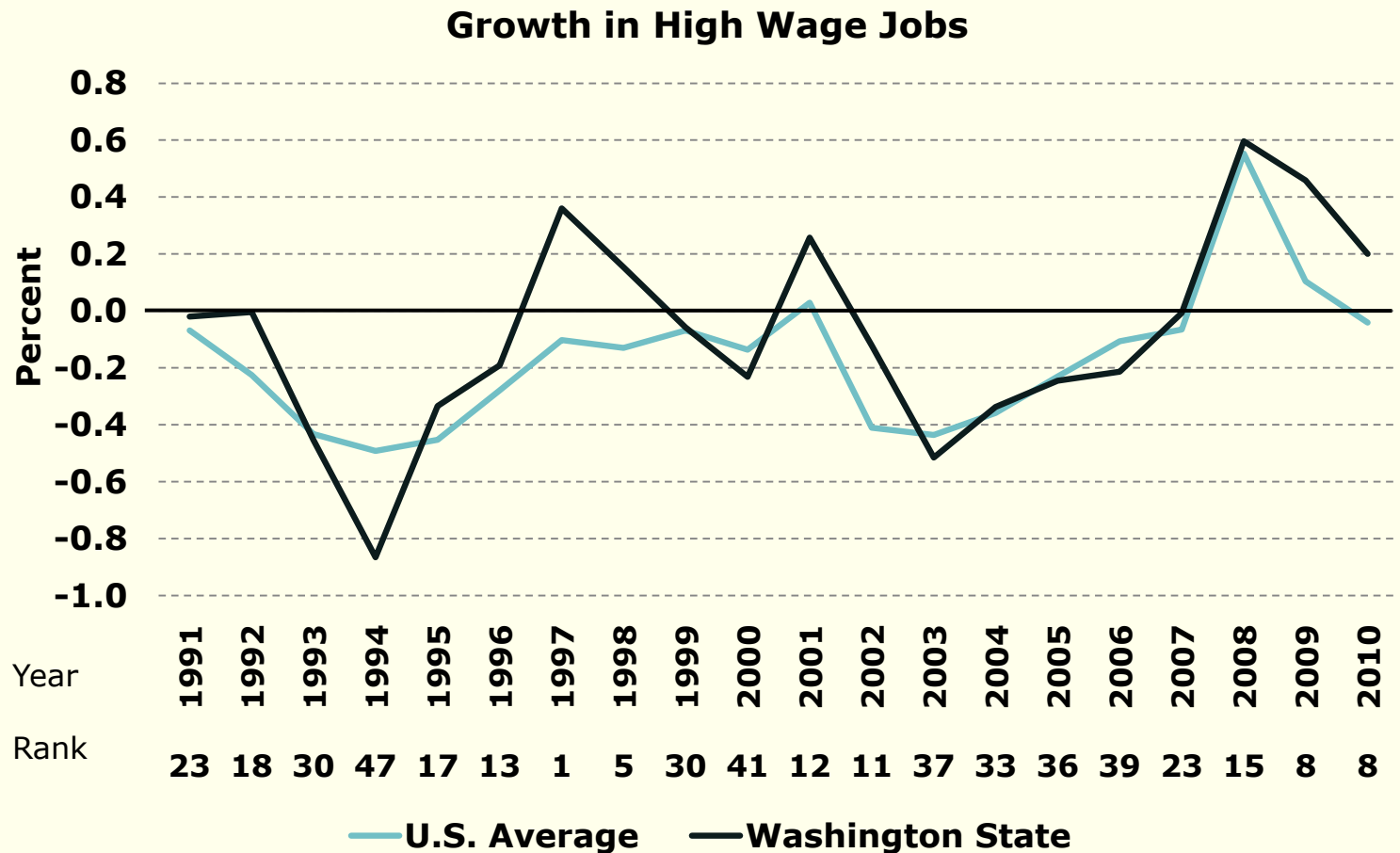
# Business Performance

Indicator	Performance	Rank
Foreign Exports	Worsened	Improved
Foreign Exports Excl. Trans. Equipment	Worsened	Worsened
Growth in High Wage Industries	Improved	Improved
Value Added in Manufacturing	Worsened	Worsened

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# Growth in High Wage Industries was positive for the third year in a row



Source: ERFC; data through 2010

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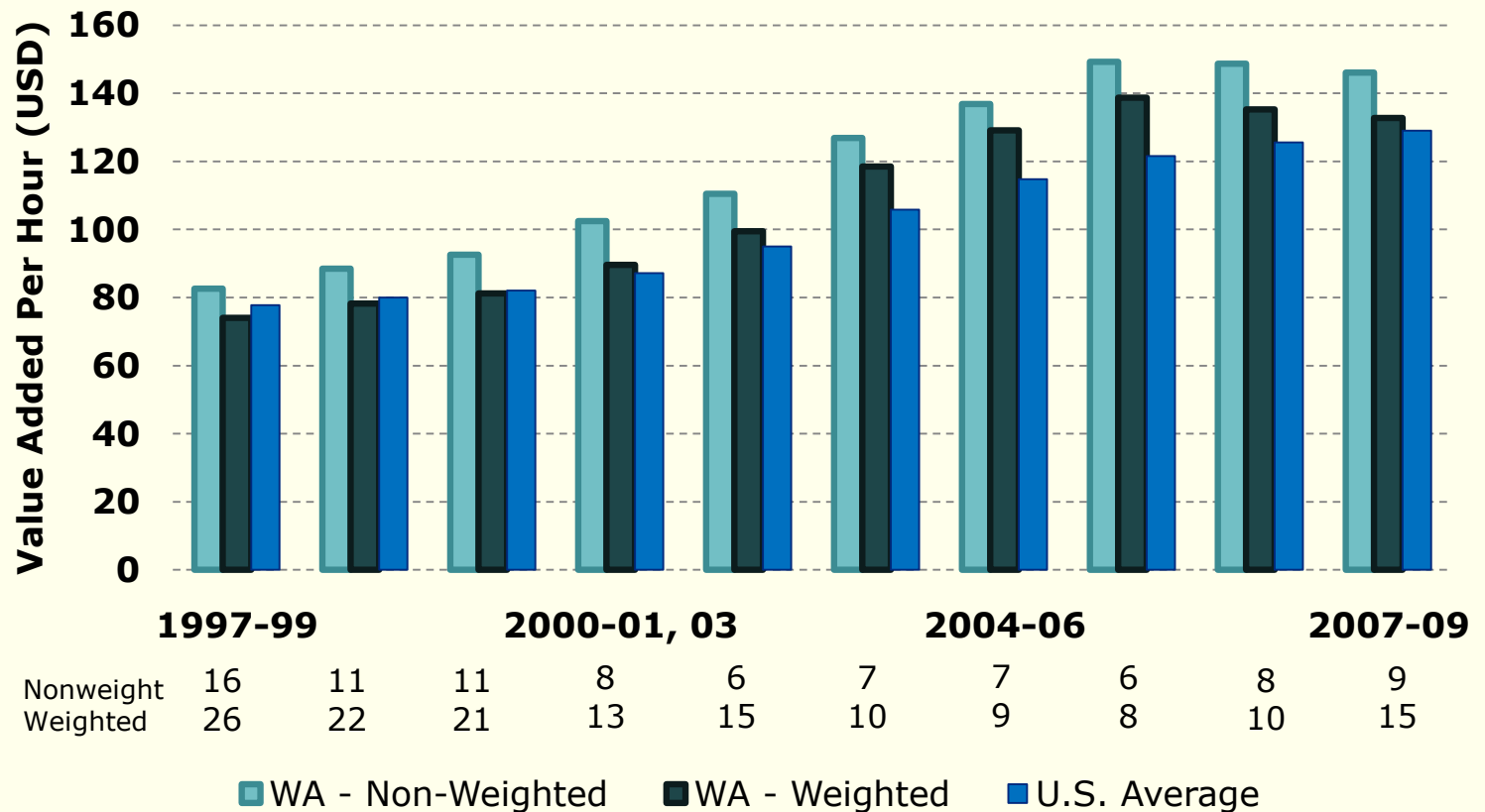


# Washington continues to outpace the national average in value added

WA's rank in the weighted measure worsened from 10<sup>th</sup> to 15<sup>th</sup>

Washington's value added per hour of labor remains well above the national average

## Value Added Per Hour of Labor in Manufacturing



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Source: U.S. Department of Commerce, ERFC; data through 2009

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# Economic Growth and Competitiveness

Indicator	Performance	Rank
Per Capita Income	Improved	Worsened
Income Growth Rate	Improved	Worsened
Employment Growth	Improved	Worsened
Household Income	Worsened	Worsened
Annual Earnings Per Job	Improved	Unchanged
Earnings Growth Rate	Improved	Worsened
Unemployment Rate	Worsened	Worsened

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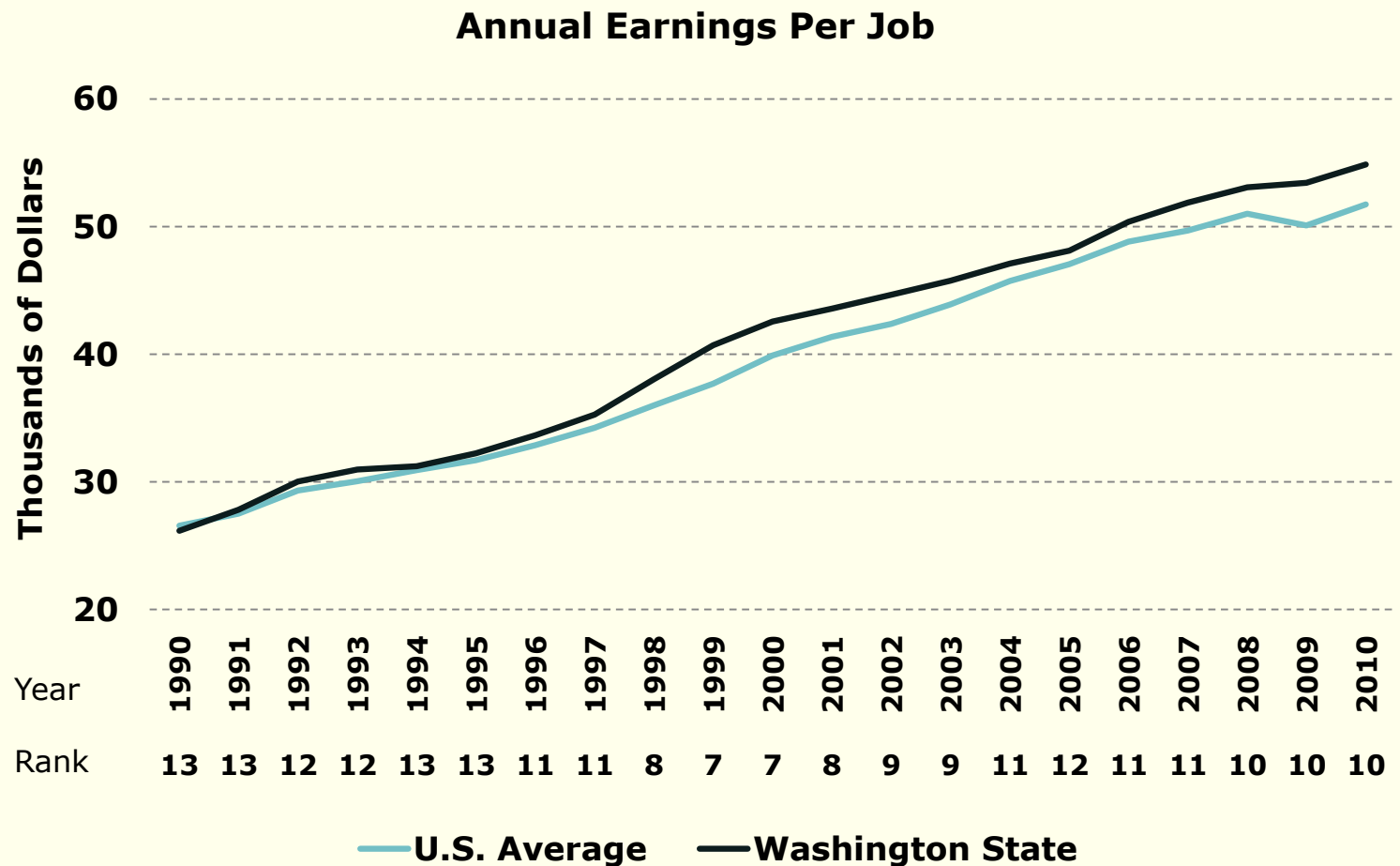


# Washington continues to rank high in earnings per job

## Earnings per job

**WA: \$54,866**

**US: \$51,739**



Source: U.S. Dept of Commerce, BEA, ERFC; data through 2010

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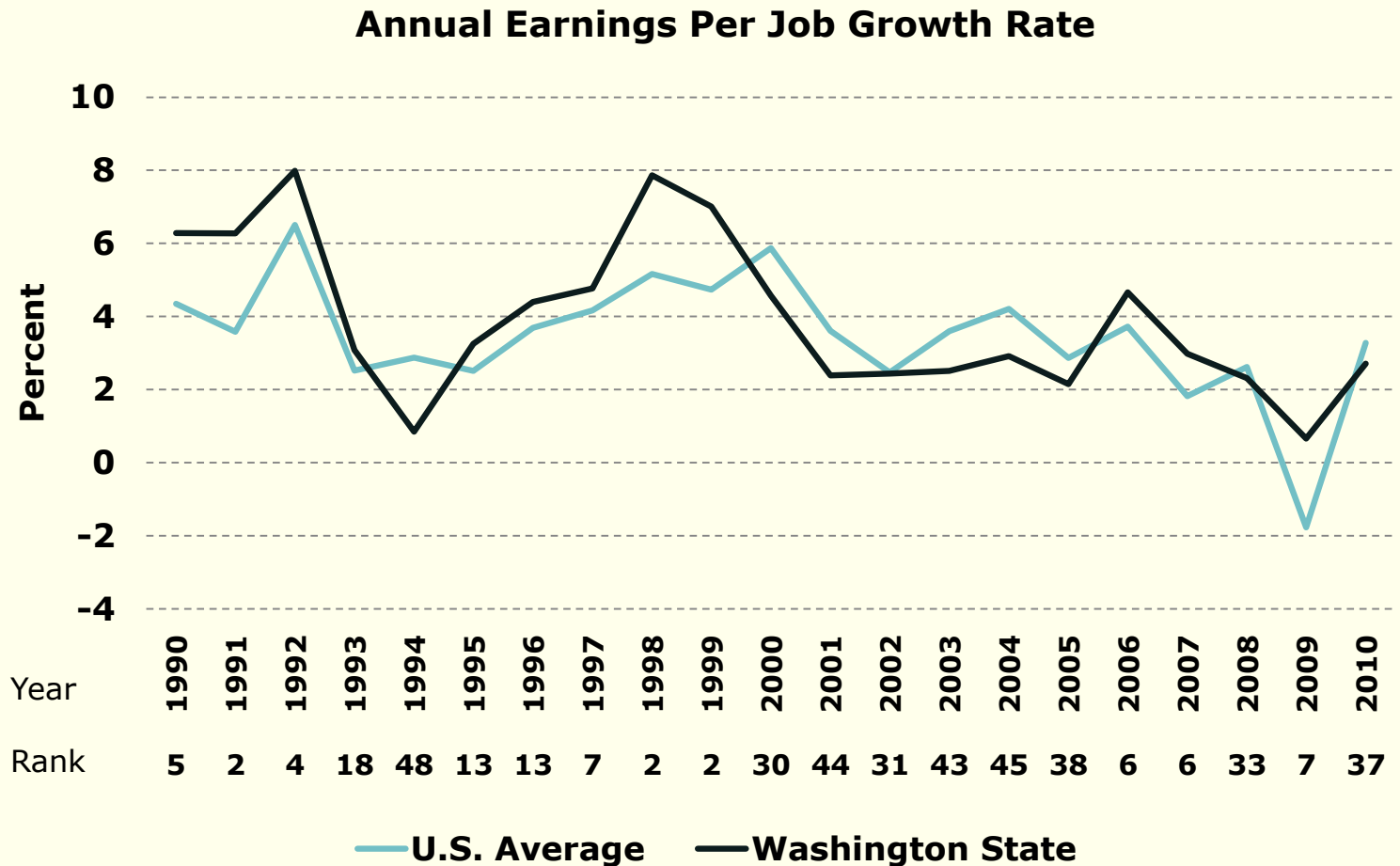


# Washington's growth trailed the nation in 2010

## Earnings per job growth

**WA: 2.7%**

**US: 3.3%**



Source: U.S. Dept of Commerce, BEA, ERFC; data through 2010

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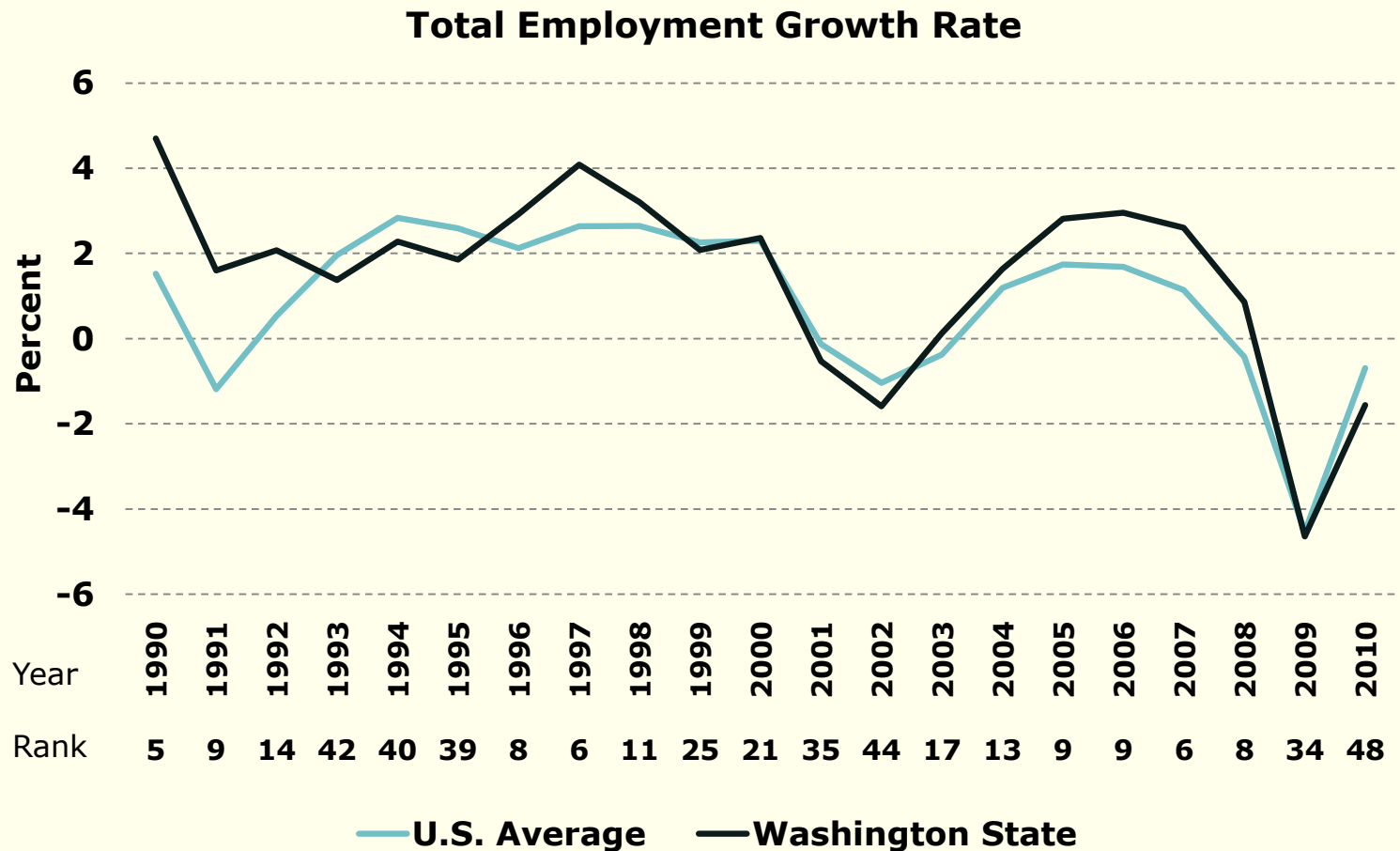
# Employment growth has reached an inflection point but remains negative

## Employment growth

**WA: -1.6%**

**US: -0.7%**

**The 5-year average of 0.0% ranks 11<sup>th</sup> among the states**



Source: BLS, ERFC; data through 2010

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# Quality of Life

Climate Benchmark	Performance	Rank
Homicide	Improved	Improved
Violent Crime	Improved	Improved
Arrest Rate	Improved	Worsened
Air Quality	Unchanged	Unchanged
Drinking Water	Improved	Improved
Toxins Released	Worsened	Worsened
Health Index	Worsened	Worsened
State Parks and Rec	Improved	Unchanged
State Arts	Worsened	Worsened
Library Service	Improved	Unchanged

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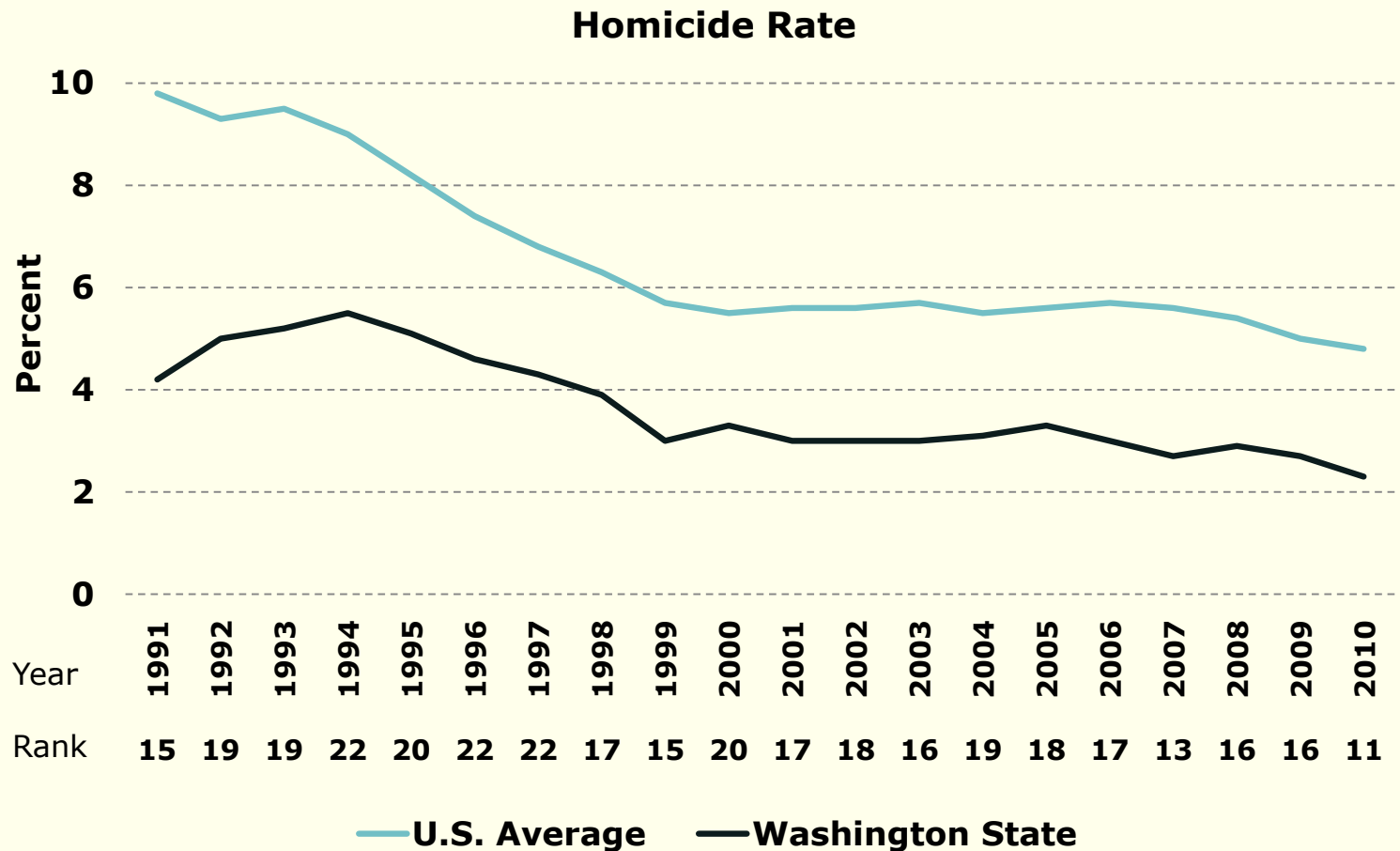


# The homicide rate continues to fall

**Homicide Rate  
(per 100,000  
population)**

**WA: 2.3**

**US: 4.8**

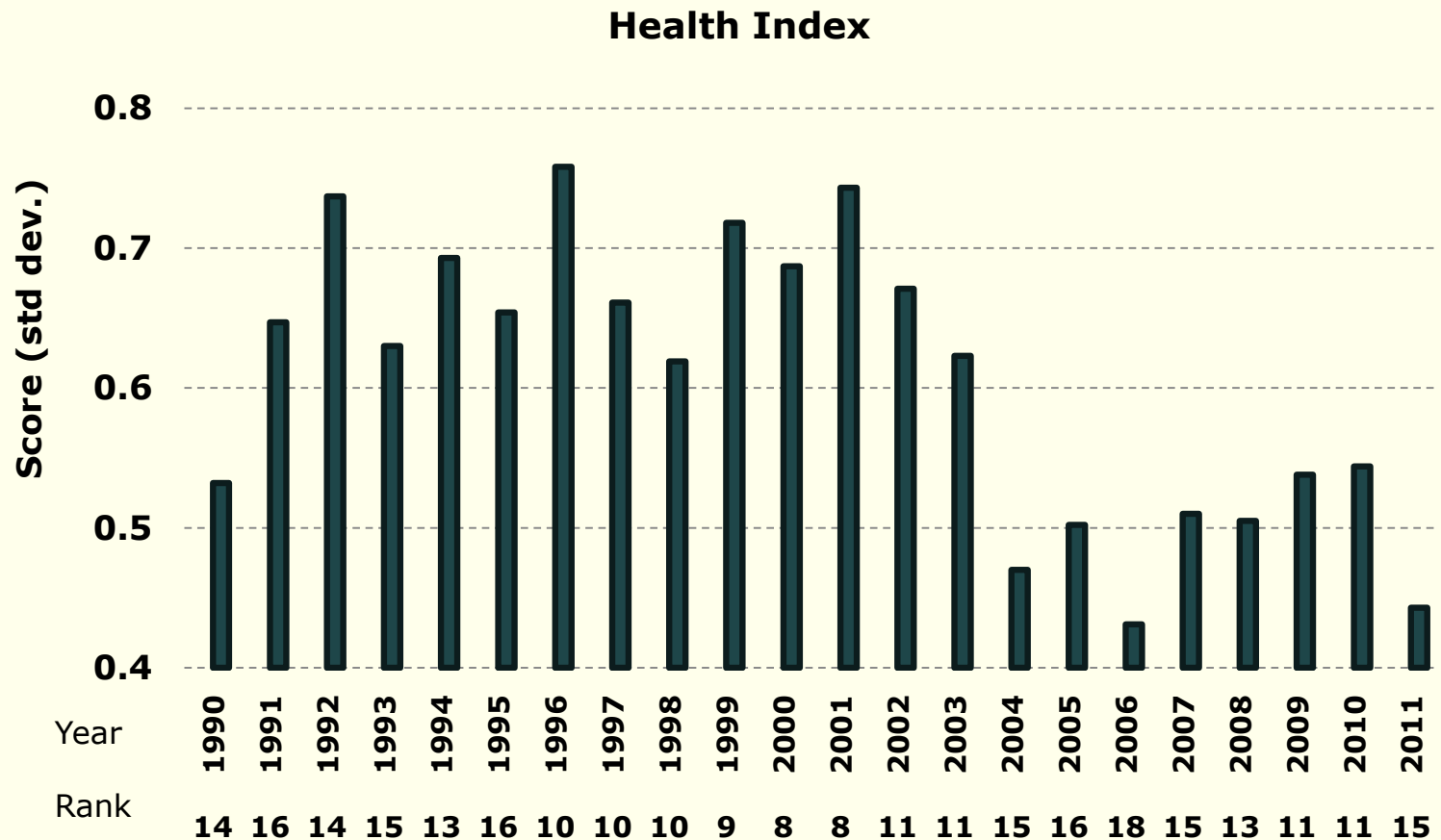


Source: BLS, ERFC; data through 2010

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# Washington's Health Index score fell sharply in 2011



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Source: United Health Foundation, America's Health Rankings, ERFC; data through 2011



	Improved	Worsened	Unchanged
Rank	7	18	9
Performance	20	12	4

- Overall, Washington's Climate Study indicated an improvement in performance
  - Much of this was due to the economic recovery that was taking hold.
- Washington's rankings relative to others states regressed
  - Despite improvement in performance, Washington lagged other states
  - No category showed significant improvement
  - Economic Growth and Competitiveness was the weakest category



# Questions



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**Economic & Revenue Forecast Council**  
**1025 E. Union Avenue, Suite 544**  
**Olympia WA 98504-0912**

[www.erfc.wa.gov](http://www.erfc.wa.gov)  
**360-534-1560**